

Connecticut Heating & Cooling Contractors Association

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MEMBERS OF: CBIA – NFPA – ICC

The Connecticut Heating & Cooling Contractors Association (CHCC), a trade association representing more than 150 companies in the HVAC industry statewide, submits the following comments in regards to **HB-6360 AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY.**

Tax credits for natural gas connections:

We question the extent to which a tax credit is required to incentivize customers to make a connection to natural gas. The savings that a customer would realize from making a connection to natural gas is enough to prompt these connections to occur, especially in areas where customer demand already exists. Market conditions should prevail without state taxpayer assistance required to change consumer behavior.

Home Energy Solutions (HES):

The plan recommends reinvigorating and broadening the existing Home Energy Solutions program to ensure that additional ratepayer dollars achieve maximum reach and impact with carefully established goals and metrics to ensure ongoing performance improvements.

We support the Home Performance with Energy Star Program (HPwES). HPwES is market based, allowing for a greater pool of contractors to participate and perform this type of work. It being a market-based program does not stifle competition. The HES program artificially sets market pricing, does not allow an HPwES contractor to compete on an even playing field. Therefore the return on investment of advanced training and testing equipment purchases by contractors outside of HES cannot be justified. The HES Program should not be the basis of this plan, or even exist for reasons stated above.

Energy Audits and Building Benchmarking:

The plan seeks to establish building efficiency standards for both new construction and retrofits as well as to serve as a mechanism for benchmarking building efficiency and disclosing efficiency scores at the time of rental or sale.

In 2012, we opposed HB5385, a bill that had this same concept. While the CHCC is very much at the forefront of energy efficiency measures, this legislation is fatally flawed and will create a burden on homeowners, commercial property owners, and HVAC contractors alike.

Homeowners, property owners have the greatest control over a home, or a building's energy usage based on where they set their thermostat. Whether they

leave on the lights and their choice of appliances, equipment et cetera.

Mandating a seller or a landlord to have an energy audit completed for all real estate transactions will only result in increased costs, administrative nightmares and various other unforeseen problems and will certainly raise the cost of selling a home. That is the last thing Connecticut's economy in general and the construction industry, specifically, need right now.

Combined Heat and Power:

The plan calls to provide the industrial sector with support for efficiency investments that go beyond buildings to include specialized process efficiency programs and combined heat and power projects. This technology should also be brought to the residential consumer. This technology is already available and is in use in many European countries and elsewhere.

Natural Gas:

The plan calls for financing options for homeowners and businesses to eliminate the upfront burden of converting furnaces, boilers, and other appliances to natural gas – with the average residential cost of about \$7,500 being paid back over a decade through an “on-bill repayment” system that would be collected by the gas companies but funded by banks and the capital markets, providing the average household with immediate cost savings of about \$600 - 800 per year.

CHCC contractors feel that this price is too low for High Efficiency Gas Boiler projects. They also estimate that the average savings have been found to be greater than \$1,000 per year.

Workforce Needs:

Connecticut needs Plumbers and HVAC technicians (P, S and D licensed individuals) for the gas expansion to work. The plan calls for incentives for the state's gas companies to ramp-up the required construction quickly, which DEEP estimates will translate into as many as 7,000 jobs.

Private sector jobs for plumbing and HVAC technicians to meet the near term goals of the plan will likely require a 50% increase in the total labor pool. These jobs will remain post project completion. As such, contractors need relief and changes to various regulations that hamper our ability to provide and grow jobs. These include swift processing of applicants by the state's occupational licensing boards and a liberal review of qualifications of those who have been in the industry but were not a part of the formal apprentice program through no fault of their own (such as employment in a different state and now a CT resident).

Below is a breakdown of current license holders in the needed categories.

This number includes many license holders whom hold their license even though they exited the trade through retirement or change in careers. Also this number

does not reflect that the same person can and does hold more than one license type.

S1 License: 1,814

S2 License: 2,138

S7 License: 480

S10 License: 74

D1 License: 503

D2 License: 1,376

Total "S and D" HVAC Technicians: 5,905

P1 License: 2,835

P2 License: 2,286

Total Plumbers 5,121

***Note that this is licensed people regardless of whether or not they are active in the trade.

The preceding Mechanical tradesmen will be the ones implementing the Governor's Energy Plan to the end user. As you can see there is a severe lack of licensed tradesmen in the State of Connecticut.

CT Population: 3,590,347

CT Residential Households: 1,494,019

Private nonfarm establishments 89,234

That is 1 Plumber for every 309 households and businesses

That is 1 HVAC Tech for every 255 Households and businesses

In other States that aren't hampered by Connecticut's apprenticeship hiring ratio would find that there are many more Journeymen as opposed to Unlimited Contractors by class. The most striking is that there are more Unlimited-plumbing Contractors than journeyman plumbers. It is absurd.

You will see quickly it becomes difficult to grow your business and train new workers by the very limiting nature of the apprenticeship-hiring ratio in CT. There is an existing shortage in the trades of 1,000s of technicians. The apprenticeship program today is severely limited by the prior stated ratio issues.

Businesses need the ability to scale up in size without impedance. I would like to draw on an example of a Supermarket versus a Convenience store. A supermarket, due to its size and buying power can offer a wide variety of products at reasonable prices. Their stores can operate around the clock to meet

you the consumer's preference of shopping time. There are specialists in each department who know their product inside and out. An owner and maybe a couple of employees run a convenience store. The owner wears many hats, the selection is limited and the hours open will depend upon how much time he can personally devote to the store. The prices charged have to be higher because the volume just isn't there. The failure rate of a Convenience store compared to a Supermarket isn't even close. But they both have to meet the same sanitation standards, similar liquor license costs and such.

We believe that the role of our industry is to deliver a safe, comfortable and energy efficient home to homeowners and businesses we serve. Without the technicians to deliver on that promise, service can be delayed and inflationary pricing will occur that can cause people to try do it themselves remedies. Those DIY remedies can be deadly considering the possibility of fire, CO poisoning and gas leaks among others.

The Connecticut Heating & Cooling Contractors Association is in support of the Gas Expansion and is willing to assist in all measures to ensure that the industry is educated, staffed and ready. We are asking for the Legislature to please consider changing the hiring ratio to 1:1, 1 apprentice for every 1 license they employ, this will create jobs and ensure that this industry is ready!